UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

- v. -

MICHAEL AVENATTI,

Defendant.

: INDICTMENT

: 19 Cr.

19 CRIM 374

JUDGE BATTS

- - - - - - - - - - - - - - - - - - x

OVERVIEW

1. The charges in this Indictment arise from a scheme in which MICHAEL AVENATTI, the defendant, abused the trust of, defrauded, and stole from a client ("Victim-1") by diverting money owed to Victim-1 to AVENATTI's control and use. As described more fully below, after assisting Victim-1 in securing a book contract, AVENATTI stole a significant portion of Victim-1's advance on that contract. He did so by, among other things, sending a fraudulent and unauthorized letter purporting to contain Victim-1's signature to Victim-1's literary agent, which instructed the agent to send payments not to Victim-1 but to a bank account controlled by AVENATTI.

2. After receiving the money into that account, MICHAEL AVENATTI, the defendant, used it for his own purposes, including, among other things, to pay employees of his law firm and a coffee business he owned, to make payments to individuals

with whom AVENATTI had personal relationships, to make a luxury car payment, and to pay for hotels, airfare, meals, car services, and dry cleaning. When Victim-1 inquired about the status of Victim-1's advance fees, AVENATTI repeatedly lied to Victim-1, including by stating that he was working on getting the fees from Victim-1's publisher, when, in truth and in fact, AVENATTI had already received the fees and spent them on his own personal and professional expenses. In total, AVENATTI stole approximately $300,000 from Victim-1, and has not repaid Victim-1 half of that money.

RELEVANT INDIVIDUALS AND ENTITIES

3. At all relevant times, MICHAEL AVENATTI, the defendant, was an attorney licensed to practice in the state of California.

4. Victim-1 is an individual who retained MICHAEL AVENATTI, the defendant, to provide legal services in or about February 2018. That representation continued until in or about February 2019.

5. "Agent-1" is a literary agent, based in Manhattan, New York, who was retained by Victim-1 in or about April 2018 to represent Victim-1 with respect to Victim-1's efforts to write and publish a book.

6. "Publisher-1" is a publisher, based in Manhattan, New York, which, in or about April 2018, entered into a contract

(the "Contract") with Victim-1 and Agent-1 for the publication of a book by Victim-1.

THE BOOK PAYMENT EMBEZZLEMENT SCHEME

Victim-1's Book Deal

7. As noted above, Victim-1 entered into the Contract with Publisher-1 and Agent-1 in or about April 2018. Pursuant to the terms of the Contract, Victim-1 would receive an $800,000 advance, to be paid by Publisher-1 in four installments as follows:

a. Publisher-1 would pay Victim-1 $250,000 upon the signing of the Contract (the "First Payment").

b. Publisher-1 would pay Victim-1 $175,000 upon Victim-1's delivery and Publisher-1's acceptance of the final manuscript of Victim-1's book (the "Second Payment").

c. Publisher-1 would pay Victim-1 $175,000 upon the publication of Victim-1's book and in no event more than six months after delivery and acceptance of the final manuscript, provided certain publicity requirements were met (the "Third Payment").

d. Publisher-1 would pay Victim-1 $200,000 six months after publication of Victim-1's book or completion of certain publicity requirements and in no event more than twelve months after delivery and acceptance of the final manuscript,

provided certain publicity requirements were met (the "Fourth Payment").

8. Pursuant to Victim-1's agreement with Agent-1, each payment described above would be sent by Publisher-1 to Agent-1, who would then pass the payment on to Victim-1 after withholding Agent-1's fee.

9. MICHAEL AVENATTI, the defendant, assisted Victim-1 in negotiations regarding the Contract. Although AVENATTI's retainer agreement with Victim-1 provided that he could receive a fee for such assistance, AVENATTI subsequently told Victim-1, in substance and in part, that he would not accept payment or remuneration from Victim-1 for any work relating to Victim-1's book.

10. As described further below, MICHAEL AVENATTI, the defendant, engaged in a scheme to defraud Victim-1 by which he obtained control over and embezzled the Second and Third Payments.

The First Payment

11. At or around the same time Victim-1 signed the Contract, Publisher-1 sent the initial payment of approximately $250,000 to Agent-1, who sent by wire to a bank account designated by Victim-1 ("Account-1") a payment of approximately $212,500, representing the $250,000 payment less Agent-1's fee.

The Second Payment

12. On or about July 19, 2018, Victim-1 opened a new bank account ("Account-2") for the purpose of, among other things, receiving the remaining payments under the Contract. Around this time, Victim-1 told MICHAEL AVENATTI, the defendant, that Victim-1 did not want any further payments under the Contract to be sent to Account-1, and that a new account, i.e., Account-2, was being opened to receive such payments. Victim-1 did not instruct or authorize AVENATTI to receive any payments under the Contract on Victim-1's behalf.

13. On or about July 29, 2018, by electronic message, Victim-1 asked MICHAEL AVENATTI, the defendant, in substance, whether he knew when Victim-1 would receive the Second Payment. AVENATTI responded that Victim-1 would receive payment "in the next two weeks," because the Second Payment "comes on acceptance [of the manuscript], which should be shortly." Victim-1 had at that time already submitted Victim-1's manuscript to Publisher-1.

14. On or about July 31, 2018, without Victim-1's knowledge or authorization, MICHAEL AVENATTI, the defendant, told Agent-1, in substance and in part, to send the Second Payment to an account entitled "Avenatti & Associates – Attorney Client Trust ([Victim-1])" (the "Avenatti Client Account"), an

account that AVENATTI controlled and of which Victim-1 was not aware.

15. On or about August 1, 2018, after Agent-1 responded to MICHAEL AVENATTI, the defendant, that Agent-1 could not redirect payment to a new account without authorization from Victim-1, AVENATTI sent Agent-1 by email, which traveled interstate, a letter that purported to be from Victim-1 and appeared to contain Victim-1's signature, instructing Agent-1 to send all advance payments to the Avenatti Client Account (the "False Wire Instructions"). Victim-1 neither authorized nor signed the False Wire Instructions and, in fact, was not even aware of the existence of the False Wire Instructions.

16. Between on or about August 1 and August 3, 2018, pursuant to the False Wire Instructions, Agent-1 transferred by wire approximately $148,750, i.e., the Second Payment's amount less Agent-1's fee, to the Avenatti Client Account.

17. MICHAEL AVENATTI, the defendant, did not tell Victim-1 that he had received the Second Payment on Victim-1's behalf. Instead, immediately after receiving the first portion of the Second Payment into the Avenatti Client Account, AVENATTI began transferring money from the Avenatti Client Account to other bank accounts that he controlled for his own personal and business use. The funds were used, among other ways, for the following purposes:

a. To fund approximately $57,000 of payroll associated with the law firm Eagan Avenatti LLP (through which AVENATTI also practiced law);

b. To pay in excess of $20,000 for insurance, airfare, hotels, car services, restaurants and meal delivery, and online retailers;

c. To provide $1,900 to an individual ("Client-2") whom AVENATTI had represented in a lawsuit against the County of Los Angeles, California; and

d. To fund, in the approximate amount of $12,800, payroll checks for a coffee business controlled by AVENATTI.

18. By on or about August 20, 2018, only approximately $625 of Victim-1's Second Payment remained in the Avenatti Client Account.

19. In late August 2018, Victim-1 told MICHAEL AVENATTI, the defendant, in substance and in part, that Victim-1 had not received the Second Payment and asked for AVENATTI's assistance in helping to obtain the payment, which Victim-1 believed was late. AVENATTI did not inform Victim-1 that he had already received the Second Payment, which had been sent by Agent-1 into the Avenatti Client Account, or that he had spent the funds for his own purposes. Instead, AVENATTI misleadingly

and fraudulently told Victim-1, in substance and in part, that he would help obtain the payment for Victim-1 from Publisher-1.

20. On or about September 4, 2018, Victim-1 sent by electronic message to MICHAEL AVENATTI, the defendant, information for Account-2. In that message, Victim-1 stated that the information for Account-2 was "My new account info for publisher," which Victim-1 believed still had not made the Second Payment.

21. On or about September 5, 2018, MICHAEL AVENATTI, the defendant, received a payment of approximately $250,000 into another account that he controlled designated as the "Michael Avenatti Esq Trust Account," which previously had a near-zero balance. That same day, AVENATTI made a payment from that account to Account-2 in the amount of approximately $148,750, so that Victim-1 would not be aware that AVENATTI had converted and used the proceeds from the Second Payment for his own personal and business purposes.

The Third Payment

22. On or about September 13, 2018, without Victim-1's knowledge or authorization, MICHAEL AVENATTI, the defendant, spoke with Agent-1 and suggested that Publisher-1 should make the Third Payment early, even though the Third Payment was not due until publication of Victim-1's book. Agent-1 relayed the request to Publisher-1, which agreed to make an early payment,

and sent the Third Payment to Agent-1, who, on or about September 17, 2018, sent by wire, pursuant to the False Wire Instructions, $148,750, i.e., the Third Payment less Agent-1's fee, to the Avenatti Client Account.

23. On or about September 17, 2018, after receiving the $148,750 of the Third Payment into the Avenatti Client Account, MICHAEL AVENATTI, the defendant, began moving the $148,750 out of the Avenatti Client Account into other accounts that he controlled for his own personal and business use. The funds were used, among other ways, for the following purposes:

a. To pay approximately $11,000 to individuals with whom AVENATTI had relationships;

b. To make a monthly lease payment of approximately $3,900 for a Ferrari automobile;

c. To pay more than $15,000 in expenses including but not limited to airfare, dry cleaning, hotels, restaurants and meals, and car services;

d. To provide another $1,900 to Client-2;

e. To make approximately $56,000 in payroll payments for Eagan Avenatti LLP; and

f. To fund approximately $12,000 in payments to an insurance company to cover premiums for AVENATTI's law firm.

24. As noted above, the Third Payment was owed to Victim-1 at or around the time of the publication of Victim-1's

book, which occurred on or about October 2, 2018. On or about October 1, 2018, Victim-1, unaware that MICHAEL AVENATTI, the defendant, had requested and obtained the Third Payment early, asked AVENATTI, by electronic message, whether, under the Contract, Victim-1 would be paid the following day, to which AVENATTI responded, "Yes." The following day, on or about October 2, 2018, Victim-1 stated to AVENATTI by electronic message, "publisher owes me a payment today." AVENATTI did not tell Victim-1 that he had already received the payment into the Avenatti Client Account more than two weeks earlier, but instead misleadingly and fraudulently stated, "On it. We need to make sure we have the publicity requirement met."

25. Later in or about October 2018 and in the months between in or about October 2018 and in or about February 2019, Victim-1, by phone and by electronic message, repeatedly asked MICHAEL AVENATTI, the defendant, for assistance in obtaining the Third Payment. At no time did AVENATTI state or indicate that he had received the Third Payment, but instead fraudulently stated, in substance and in part and on multiple occasions, that Publisher-1 was withholding payment. For example, the following exchanges occurred by electronic message:

a. On or about October 29, 2018, Victim-1 asked AVENATTI, "did you ask publisher about my payment?" and noted,

"Tomorrow it will be one week late." AVENATTI responded, "Yes, They are on it."

b. On or about November 27, 2018, Victim-1 asked AVENATTI, "What about the publisher?" AVENATTI did not state that he had previously received the Third Payment, but instead responded, falsely, in substance and in part, that Publisher-1 needed a list of publicity undertaken by Victim-1 before Publisher-1 would make the Third Payment. AVENATTI also falsely stated, in substance, that Publisher-1 was resisting making the Third Payment due to poor sales of Victim-1's book.

c. On or about November 30, 2018, Victim-1, in reference to the Third Payment, stated to AVENATTI, "let's not forget the publisher." AVENATTI did not state that he had previously received the Third Payment, but instead responded, in part, "I haven't."

d. On or about December 5, 2018, Victim-1 asked AVENATTI, "When is the publisher going to cough up my money?" AVENATTI did not state that he had previously received the Third Payment, but instead responded, "As for publisher - working them and threatening litigation. They need to pay you the money as you did your part and then some."

e. On or about December 27, 2018, Victim-1 stated to AVENATTI, in part, "I'm sending publisher a certified letter demanding payment and firing [Agent-1]. Then I may post

it online for fun." AVENATTI did not state that he had previously received the Third Payment, but instead spoke to Victim-1 by phone and told Victim-1, in substance and in part, that Victim-1 should not send a letter and should not fire Agent-1 because Victim-1 may need Agent-1's help in a lawsuit against Publisher-1 to recover the Third Payment.

26. In or around December 2018, Victim-1's manager, on Victim-1's behalf, sent an email to Publisher-1 and Agent-1 stating, in substance and in part, that Victim-1 had not received the Third Payment. Agent-1 then spoke to MICHAEL AVENATTI, the defendant, who told Agent-1, in substance and in part, that he (AVENATTI) was dealing with Victim-1 directly on this issue and Agent-1 and Publisher-1 (both of whom believed that Victim-1 had received the Third Payment and was seeking early payment of the Fourth Payment) should not respond. Agent-1, at AVENATTI's request, then relayed AVENATTI's message to Publisher-1. Victim-1 received no response from Agent-1 or Publisher-1 until in or about late February 2019, as described below.

27. During in or about January 2019 and February 2019, Victim-1 continued to ask MICHAEL AVENATTI, the defendant, by phone and by electronic message, about the status of the Third Payment, and AVENATTI responded, in substance and in part, that Publisher-1 was resisting making the payment due

to purportedly poor sales, but that he (AVENATTI) was working to resolve the conflict.

28. In or about late February 2019, Victim-1 made contact with a representative of Publisher-1, who told Victim-1, in substance and in part, that Publisher-1 had previously made the Third Payment to Agent-1. Victim-1 subsequently received from Agent-1 documentation indicating that Agent-1 had sent by wire Victim-1's share of the Third Payment (i.e., $148,750) to the Avenatti Client Account on or about September 17, 2018. Victim-1 also received from Agent-1 the False Wire Instructions.

29. Prior to receiving the False Wire Instructions from Agent-1 in or about February 2019, Victim-1 had never seen or signed the False Wire Instructions, despite the fact that the False Wire Instructions bore Victim-1's purported signature. Further, Victim-1 had never authorized the drafting or transmittal of the False Wire Instructions, had never authorized MICHAEL AVENATTI, the defendant, to receive or use any of the payments under the Contract, and was not aware of the Avenatti Client Account. Rather, the False Wire Instructions (including the use of Victim-1's signature) were fraudulently created by AVENATTI in order to carry out his scheme to steal funds rightfully owed to his client.

30. Victim-1 has not received any share of the Third Payment.[1]

COUNT ONE

(Wire Fraud)

The Grand Jury charges:

31. The allegations contained in paragraphs 1 through 30 above are hereby repeated, realleged, and incorporated by reference as if fully set forth herein.

32. From at least in or about July 2018, up to and including in or about 2019, in the Southern District of New York and elsewhere, MICHAEL AVENATTI, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire and radio communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, AVENATTI devised a scheme to obtain payments owing to Victim-1 under Victim-1's book contract by falsely representing to Agent-1, in interstate communications and otherwise, that Victim-1 had given authority

[1] On or about February 14, 2019, prior to its due date under the Contract, Publisher-1 sent the Fourth Payment to Agent-1, who, consistent with Victim-1's instructions, sent by wire the Fourth Payment less Agent-1's fee directly to Account-2.

for payments to be sent by wire to an account controlled by AVENATTI, by converting those payments to his own use, and by falsely representing to Victim-1, in interstate communications and otherwise, that the payments had not been made.

(Title 18, United States Code, Sections 1343 and 2.)

COUNT TWO

(Aggravated Identity Theft)

The Grand Jury further charges:

33. The allegations contained in paragraphs 1 through 30 above are hereby repeated, realleged, and incorporated by reference as if fully set forth herein.

34. From at least in or about August 2018, up to and including at least in or about February 2019, in the Southern District of New York and elsewhere, MICHAEL AVENATTI, the defendant, knowingly did transfer, possess, and use, without lawful authority, a means of identification of another person, during and in relation to a felony violation enumerated in Title 18, United States Code, Section 1028A(c), to wit, AVENATTI, without lawful authority, used Victim-1's name and signature on the False Wire Instructions during and in relation to the offense charged in Count One of this Indictment.

(Title 18, United States Code, Sections 1028A(a)(1) and (b), and 2.)

FORFEITURE ALLEGATION

35. As the result of committing the offense charged in Count One of this Indictment, MICHAEL AVENATTI, the defendant, shall forfeit to the United States, pursuant to Title 18, United States, Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any and all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offense, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offense.

Substitute Asset Provision

36. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third person;

c. has been placed beyond the jurisdiction of the Court;

d. has been substantially diminished in value; or

e. has been commingled with other property that cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Sections 981; Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461.)

FOREPERSON

GEOFFREY S. BERMAN
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

MICHAEL AVENATTI,

Defendant.

INDICTMENT

19 Cr.

(18 U.S.C. §§ 1028A, 1343, and 2.)

GEOFFREY S. BERMAN
United States Attorney.

Foreperson

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - - - - - - - - - - - - - - x

UNITED STATES OF AMERICA

- v. -

MICHAEL AVENATTI,

Defendant.

- - - - - - - - - - - - - - - - - - x

INDICTMENT

19 Cr.

19 CRIM 373

JUDGE GARDEPHE

OVERVIEW

1. The charges in this Indictment stem from an extortion scheme in which MICHAEL AVENATTI, the defendant, and a co-conspirator not named as a defendant herein ("CC-1"), demanded tens of millions of dollars in payments from NIKE, Inc. ("Nike"), a multinational public corporation engaged in, among other things, the marketing and sale of athletic apparel, footwear, and equipment, by threatening to cause substantial economic and reputational harm to Nike if it did not accede to AVENATTI and CC-1's demands. Specifically, AVENATTI and CC-1 threatened to hold a press conference on the eve of Nike's quarterly earnings call and the start of the annual National Collegiate Athletic Association ("NCAA") men's college basketball tournament, at which AVENATTI would make allegations of misconduct by Nike employees, unless Nike agreed to make a payment of $1.5 million to a client of AVENATTI's ("Client-1")

in possession of information damaging to Nike, and further agreed to "retain" AVENATTI and CC-1 to conduct an "internal investigation" that Nike had not requested and for which AVENATTI and CC-1 demanded to be paid, at a minimum, between $15 million and $25 million. Alternatively, and in lieu of such a retainer agreement, AVENATTI and CC-1 demanded a total payment of $22.5 million from Nike to resolve any claims Client-1 might have and additionally to buy AVENATTI and CC-1's silence.

RELEVANT INDIVIDUALS AND ENTITIES

2. At all relevant times, MICHAEL AVENATTI, the defendant, was an attorney licensed to practice in the state of California with a large public following due to, among other things, his representation of celebrity and public figure clients, as well as frequent media appearances and use of social media.

3. At all relevant times, CC-1 was an attorney licensed to practice in the state of California, and similarly was known for representation of celebrity and public figure clients, and frequent media appearances.

4. Nike is a multinational, publicly held corporation headquartered in Beaverton, Oregon. Nike produces and markets athletic apparel, footwear, and equipment, and sponsors athletic teams in many sports, including basketball, at

various levels, including the high school, amateur, collegiate, and professional levels.

5. Client-1 is the director and head coach of an amateur youth basketball program (the "Basketball Program") based in California. For a number of years, the Basketball Program coached by Client-1 had a sponsorship agreement with Nike pursuant to which Nike paid Client-1's program approximately $72,000 annually.

6. "Attorney-1" and "Attorney-2" work at a law firm based in New York and represent Nike.

7. The "In-House Attorney" is an attorney who works for Nike.

THE EXTORTION SCHEME

8. In or about March 2019, MICHAEL AVENATTI, the defendant, was contacted by Client-1, who sought AVENATTI's assistance after the Basketball Program was informed by Nike that its annual contractual sponsorship would not be renewed. AVENATTI agreed to a meeting and, upon so doing, AVENATTI wrote to CC-1 about the meeting and suggested that they work together in dealing with Nike regarding any claims Client-1 might have, due to CC-1's previous relationship with individuals at Nike.

9. On or about March 5, 2019, MICHAEL AVENATTI, the defendant, met with Client-1. During that meeting and in subsequent meetings and communications, Client-1 informed

AVENATTI, in substance and in part, that Client-1 wanted Nike to reinstate its $72,000 annual contractual sponsorship of the Basketball Program, which, as noted above, Nike had recently declined to renew. During the meeting, Client-1 provided AVENATTI with information regarding what Client-1 believed to be misconduct by certain employees of Nike involving the funneling of illicit payments from Nike to the families of certain highly ranked high school basketball prospects.

10. At no time during the March 5 meeting or otherwise did MICHAEL AVENATTI, the defendant, enter into a written retention agreement with Client-1, nor did AVENATTI ever inform Client-1 that CC-1 would be working with AVENATTI. Furthermore, although AVENATTI told Client-1 that AVENATTI believed he would be able to obtain a $1 million settlement for Client-1 from Nike, at no time did AVENATTI inform Client-1 that he also planned to demand payments from Nike for himself and CC-1.

11. On or about March 12, 2019, CC-1 contacted Nike and stated, in substance and in part, that he wished to speak with Nike representatives and that the discussion should occur in person, not over the phone, as it pertained to a sensitive matter. CC-1 also told Nike representatives that AVENATTI would accompany him to any meeting. Nike ultimately agreed to a meeting to be held on or about March 19, 2019, and stated, in

substance, that Nike's outside counsel, including Attorney-1, would attend.

The March 19 Meeting

12. On or about March 19, 2019, at approximately 12:00 p.m., Attorney-1, Attorney-2, and the In-House Attorney met with MICHAEL AVENATTI, the defendant, and CC-1 at CC-1's office in New York, New York, during which the following occurred, among other things:

a. AVENATTI stated, in substance and in part, that he represented Client-1, a youth basketball coach, whose team had previously had a contractual relationship with Nike, but whose contract Nike had recently decided not to renew. According to AVENATTI, Client-1 had evidence that one or more Nike employees had authorized and funded payments to the families of top high school basketball players and attempted to conceal those payments, similar to conduct involving a competitor of Nike's that had recently been the subject of a criminal prosecution by the United States Attorney's Office for the Southern District of New York. AVENATTI identified three former high school players in particular, and stated that his client was aware of payments to others as well.

b. AVENATTI further stated, in substance and in part, that he intended to hold a press conference the following day to publicize the asserted misconduct at Nike, which would

negatively affect Nike's market value. In particular, AVENATTI stated, in substance and in part, that he had approached Nike now because he knew that the annual NCAA men's college basketball tournament - an event of significance to Nike and its brand - was about to begin and further because he was aware that Nike's quarterly earnings call was scheduled for March 21, 2019, thus maximizing the potential financial and reputational damage his press conference could cause to Nike.

c. AVENATTI further stated, in substance and in part, that he would refrain from holding that press conference and damaging Nike if Nike acceded to two demands: (1) Nike must pay $1.5 million to Client-1 as a settlement for any claims Client-1 might have regarding Nike's decision not to renew its contract with the team coached by Client-1; and (2) Nike must hire AVENATTI and CC-1 to conduct an internal investigation of Nike, with a provision that if Nike hired another firm to conduct such an internal investigation, Nike would still be required to pay AVENATTI and CC-1 at least twice the fees of any other firm hired.

d. AVENATTI also stated, in substance and in part, that if Nike agreed to retain AVENATTI and CC-1 to conduct an internal investigation, then Nike would be able to decide whether any misconduct should be disclosed to law enforcement authorities.

e. At the end of the meeting, AVENATTI and CC-1 stated, in substance, that Attorney-1 and Nike would have to agree to accept those demands immediately or AVENATTI would hold his press conference. In particular, CC-1 stated that he and AVENATTI would contact Attorney-1, Attorney-2, and the In-House Attorney later that afternoon to discuss Nike's response.

13. Later on or about March 19, 2019, Attorney-1 left a voicemail for CC-1 stating that Nike needed time to consider the demands made by CC-1 and MICHAEL AVENATTI, the defendant. CC-1 subsequently returned Attorney-1's call and stated, in substance and in part, that AVENATTI had agreed to give Nike until Thursday (i.e., two days) to consider the demands before holding the threatened press conference.

14. After the conclusion of the meeting described above, representatives of Nike contacted representatives of the United States Attorney's Office for the Southern District of New York regarding the threats and extortionate demands by MICHAEL AVENATTI, the defendant, and CC-1.

The March 20 Call

15. On or about March 20, 2019, at approximately 4:00 p.m., Attorney-1 and Attorney-2, who were in their offices in New York, New York, spoke to CC-1 on a telephone call that was consensually recorded and monitored by law enforcement. During the call, and at the direction of law enforcement,

Attorney-1 asked CC-1 for more time to consider the demands made by MICHAEL AVENATTI, the defendant, and CC-1 the day before and/or another in-person meeting to discuss those demands. CC-1, who stated, in substance and in part, that he was in Miami, Florida, at the time, said that he would speak to AVENATTI to discuss the possibility of delaying the deadline for Nike's response and would further discuss with AVENATTI the possibility of setting up another in-person meeting.

16. Less than an hour later, at approximately 4:50 p.m., Attorney-1 and Attorney-2 again spoke to CC-1 on a telephone call that was consensually recorded and monitored by law enforcement. During the call, CC-1 said that he had spoken to MICHAEL AVENATTI, the defendant, who was yelling and angry because he did not believe that Nike needed more time to respond to the demands for payment. CC-1 stated, in substance and in part, that Attorney-1 and Attorney-2 would need to provide some justification for delaying the deadline and that CC-1 would attempt to set up another call with AVENATTI so that Attorney-1 could discuss the request for an extension with AVENATTI directly.

17. Shortly thereafter, at approximately 5:10 p.m., Attorney-1 and Attorney-2 engaged in a conference call with MICHAEL AVENATTI, the defendant, and CC-1 that was consensually

recorded and monitored by law enforcement. During that call, the following, among other things, occurred:

a. AVENATTI reiterated that he expected to "get a million five for our guy" (i.e., Client-1) and be "hired to handle the internal investigation," adding that and "if you don't wanna do that, we're done here."

b. AVENATTI also reiterated threats made during the previous in-person meeting, along with his demand for a multi-million dollar retainer to do an internal investigation. With respect to the internal investigation, AVENATTI made clear that his demand was not simply that he and CC-1 be retained by Nike, but that they be paid at least $10 million dollars or more by Nike in return for not holding a press conference.

c. In particular, AVENATTI stated, in part: "I'm not fucking around with this, and I'm not continuing to play games. . . . You guys know enough now to know you've got a serious problem. And it's worth more in exposure to me to just blow the lid on this thing. A few million dollars doesn't move the needle for me. I'm just being really frank with you. So if that's what, if that's what's being contemplated, then let's just say it was good to meet you, and we're done. And I'll proceed with my press conference tomorrow . . . . I'm not fucking around with this thing anymore. So if you guys think that you know, we're gonna negotiate a million five, and you're

gonna hire us to do an internal investigation, but it's gonna be capped at 3 or 5 or 7 million dollars, like, let's just be done. . . . And I'll go and I'll go take ten billion dollars off your client's market cap. But I'm not fucking around."

d. AVENATTI made clear his view that an internal investigation of conduct at a company like Nike could be valued at "tens of millions of dollars, if not hundreds," stating, in part, "let's not bullshit each other. We all know what the reality of this is," adding later in the conversation that while he and CC-1 did not expect to be paid $100 million, he did expect them to be paid more than $9 million.

e. Finally, AVENATTI stated, in substance and in part, that he would agree to meet with Attorney-1 in person the following day, Thursday, March 21, the date of Nike's scheduled quarterly earnings call and the beginning of the NCAA tournament, to present the exact amount AVENATTI and CC-1 demanded from Nike and under what terms it would have to be paid. AVENATTI further stated, in substance and in part, that Nike would be required to provide an answer the following Monday or he would hold his press conference.

The March 21 Meeting

18. On or about March 21, 2019, MICHAEL AVENATTI, the defendant, CC-1, Attorney-1, and Attorney-2 met at CC-1's office in New York. That meeting was consensually video- and audio-

recorded. During that meeting, the following, among other things, occurred:

a. At the beginning of the meeting, and at the direction of law enforcement, Attorney-1 stated that he did not believe that a payment to AVENATTI's client would be the "sticking point," but that Attorney-1 needed to know more about the proposed "internal investigation." AVENATTI stated, in substance and in part, that he and CC-1 would require a $12 million retainer to be paid immediately and to be "deemed earned when paid," with a minimum guarantee of $15 million in billings and a maximum of $25 million, "unless the scope changes." During the meeting, AVENATTI and CC-1 also stated, in substance and in part, that an "internal investigation" could benefit Nike, by, among other things, allowing Nike to "self-report" any misconduct, and that it would be Nike's choice whether to disclose its alleged misconduct.

b. Attorney-1 noted that Attorney-1 had never received a $12 million retainer from Nike and had never done an investigation for Nike "that breaks $10 million." AVENATTI responded, in substance and in part, by asking whether Attorney-1 has ever "held the balls of the client in your hand where you could take five to six billion dollars market cap off of them?"

c. Attorney-1 also reiterated, at the direction of law enforcement, that Attorney-1 did not think paying AVENATTI's client $1.5 million would be a "stumbling block," but asked whether there would be any way to avoid AVENATTI carrying out the threatened press conference without Nike retaining AVENATTI and CC-1. In particular, Attorney-1 asked, in substance and in part, whether Nike could resolve the demands just by paying Client-1, rather than retaining AVENATTI and CC-1. CC-1 said that he understood that Nike might like to get rid of the problem in "one fell swoop," rather than have it "hanging over their head." AVENATTI stated that he did not think it made sense for Nike to pay Client-1 an "exorbitant sum of money . . . in light of his role in this." AVENATTI and CC-1 then left the room to confer privately.

d. After AVENATTI and CC-1 returned to the conference room, AVENATTI told Attorney-1 and Attorney-2, in part, "If [Nike] wants to have one confidential settlement and we're done, they can buy that for twenty-two and half million dollars and we're done. . . . Full confidentiality, we ride off into the sunset. . . ."

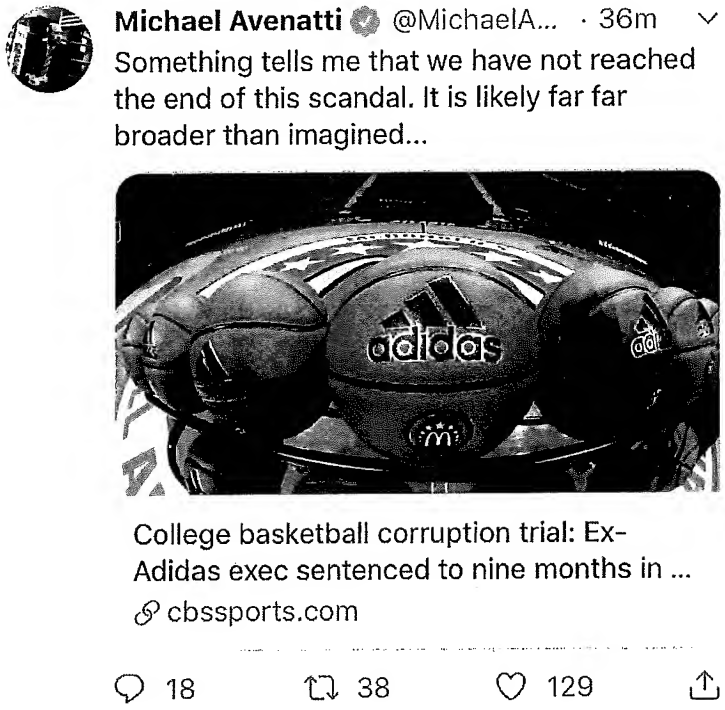
e. AVENATTI then added that "I just wanna share with you what's gonna happen, if we don't reach a resolution." AVENATTI then laid out again his and CC-1's threat of harm to Nike, adding that, "as soon as this becomes public, I am going

to receive calls from all over the country from parents and coaches and friends and all kinds of people - this is always what happens - and they are all going to say I've got an email or a text message or - now, 90% of that is going to be bullshit because it's always bullshit 90% of the time, always, whether it's R. Kelly or Trump, the list goes on and on - but 10% of it is actually going to be true, and then what's going to happen is that this is going to snowball . . . and every time we got more information, that's going to be the Washington Post, the New York Times, ESPN, a press conference, and the company will die - not die, but they are going to incur cut after cut after cut after cut, and that's what's going to happen as soon as this thing becomes public."

f. Finally, AVENATTI and CC-1 agreed to meet at Attorney-1's office on Monday, March 25, 2019, to hear whether Nike was willing to make the demanded payments. AVENATTI stated that Nike would have to accede to his demands at that meeting or he would hold his press conference, stating in part, "If this is not papered on Monday, we are done. I don't want to hear about somebody on a bike trip. I don't want to hear that somebody has, that somebody's grandmother passed away or . . . the dog ate my homework, I don't want to hear - none of it is going to go anywhere unless somebody was killed in a plane crash, it's going to go zero, no place with me."

The March 21 "Warning Shot"

19. Within approximately two hours after the conclusion of the audio- and video-recorded meeting described above, MICHAEL AVENATTI, the defendant, posted the following message on Twitter (the "March 21 Tweet"):



20. The article linked in the March 21 Tweet refers to the prior prosecution by the United States Attorney's Office for the Southern District of New York involving employees of a competitor of Nike referred to by MICHAEL AVENATTI, the defendant, and CC-1 in their initial March 19 meeting with attorneys for Nike.

21. Shortly after posting the March 21 Tweet, MICHAEL AVENATTI, the defendant, sent by text message to CC-1 a link to the March 21 Tweet and a message stating: "Warning shot."

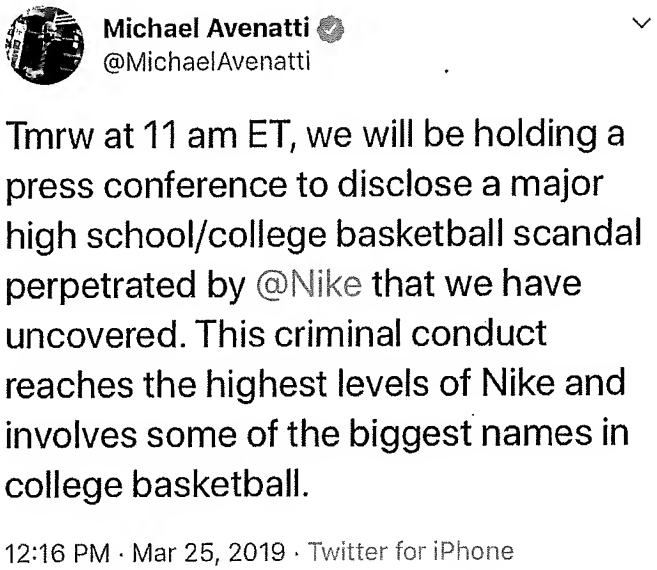
The Planned March 25 Meeting

22. As noted above, MICHAEL AVENATTI, the defendant, and CC-1 were scheduled to meet with Attorney-1 and Attorney-2 on March 25, 2019. The day before, CC-1 attempted unsuccessfully to change the time of the meeting due to a scheduling conflict. AVENATTI sent a text message to CC-1 stating that he "[did not] want to lose the meeting . . . because we have to get an answer tmrw."

23. The next day, just prior to the meeting, CC-1 sent a text message to MICHAEL AVENATTI, the defendant, stating that he was still at his prior meeting and would probably not be free until 2:30 p.m. AVENATTI proceeded to the office complex of Attorney-1 and Attorney-2 in Manhattan, and he was arrested by law enforcement in the vicinity of that complex before the meeting could take place. Prior to his arrest, AVENATTI sent a text message to CC-1 stating: "Call me immediately. The FBI just showed up at the client's home. And pls send me the phone number for the atty." Approximately three minutes later, CC-1 responded: "Call me. I keep getting vm. Your vm."

24. Immediately after MICHAEL AVENATTI, the defendant, learned that law enforcement had approached Client-1,

but shortly before his arrest, AVENATTI posted the following message on Twitter:



COUNT ONE

(Conspiracy to Transmit Interstate Communications with Intent to Extort)

The Grand Jury charges:

25. The allegations contained in paragraphs 1 through 24 above are hereby repeated, realleged, and incorporated by reference as if fully set forth herein.

26. In or about March 2019, in the Southern District of New York and elsewhere, MICHAEL AVENATTI, the defendant, and others known and unknown, knowingly and willfully did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, transmission of an interstate communication with intent to

extort, in violation of Title 18, United States Code, Section 875(d).

27. It was a part and an object of the conspiracy that MICHAEL AVENATTI, the defendant, and others known and unknown, knowingly, and with intent to extort from a corporation any money and other thing of value, would and did transmit in interstate commerce a communication containing a threat to injure the reputation of a corporation, in violation of Title 18, United States Code, Section 875(d), to wit, AVENATTI and CC-1 agreed to extort Nike by means of an interstate communication by threatening to damage Nike's reputation if Nike did not agree to make multi-million dollar payments to AVENATTI and CC-1.

OVERT ACTS

28. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. On or about March 19, 2019, in Manhattan, MICHAEL AVENATTI, the defendant, and CC-1 met with attorneys for Nike and threatened to release damaging information regarding Nike if Nike did not agree to make multi-million dollar payments to AVENATTI and CC-1.

b. On or about March 20, 2019, AVENATTI and CC-1 spoke by telephone with attorneys for Nike, during which AVENATTI stated, with respect to his demands for payment of millions of dollars, that if those demands were not met "I'll go take ten billion dollars off your client's market cap . . . I'm not fucking around."

(Title 18, United States Code, Section 371.)

COUNT TWO

(Conspiracy to Commit Extortion)

The Grand Jury further charges:

29. The allegations contained in paragraphs 1 through 24 above are hereby repeated, realleged, and incorporated by reference as if fully set forth herein.

30. In or about March 2019, in the Southern District of New York and elsewhere, MICHAEL AVENATTI, the defendant, and others known and unknown, knowingly did combine, conspire, confederate, and agree together and with each other to commit extortion, as that term is defined in Title 18, United States Code, Section 1951(b)(2), and thereby would and did obstruct, delay, and affect commerce and the movement of articles and commodities in commerce, as that term is defined in Title 18, United States Code, Section 1951(b)(3), including by the wrongful use of fear of economic loss, to wit, AVENATTI and CC-1 used threats of economic harm in order to obtain multi-million

dollar payments from Nike, a multinational corporation, to AVENATTI and CC-1.

(Title 18, United States Code, Section 1951.)

COUNT THREE

(Transmission of Interstate Communications with Intent to Extort)

The Grand Jury further charges:

31. The allegations contained in paragraphs 1 through 24 above are hereby repeated, realleged, and incorporated by reference as if fully set forth herein.

32. On or about March 20, 2019, in the Southern District of New York and elsewhere, MICHAEL AVENATTI, the defendant, knowingly, and with intent to extort from a corporation any money and other thing of value, did transmit in interstate commerce a communication containing a threat to injure the reputation of a corporation, and did aid and abet the same, to wit, AVENATTI, during an interstate telephone call, threatened to cause substantial financial harm to Nike and its reputation if Nike did not agree to make multi-million dollar payments to AVENATTI and CC-1.

(Title 18, United States Code, Sections 875(d) and 2.)

COUNT FOUR

(Extortion)

The Grand Jury further charges:

33. The allegations contained in paragraphs 1 through 24 above are hereby repeated, realleged, and incorporated by reference as if fully set forth herein.

34. In or about March 2019, in the Southern District of New York and elsewhere, MICHAEL AVENATTI, the defendant, knowingly did attempt to commit extortion as that term is defined in Title 18, United States Code, Section 1951(b)(2), and thereby would and did obstruct, delay, and affect commerce and the movement of articles and commodities in commerce, as that term is defined in Title 18, United States Code, Section 1951(b)(3), to wit, AVENATTI used threats of economic harm in an attempt to obtain multi-million dollar payments from Nike, a multinational corporation.

(Title 18, United States Code, Sections 1951 and 2.)

FORFEITURE ALLEGATION

35. As the result of committing one or more of the offenses charged in Counts One through Four of this Indictment, MICHAEL AVENATTI, the defendant, shall forfeit to the United States, pursuant to Title 18, United States, Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any and all property, real and personal, that

constitutes or is derived from proceeds traceable to the commission of said offenses, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offenses.

Substitute Asset Provision

36. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third person;

c. has been placed beyond the jurisdiction of the Court;

d. has been substantially diminished in value; or

e. has been commingled with other property that cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property

of said defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Sections 981;
Title 21, United States Code, Section 853(p);
Title 28, United States Code, Section 2461.)

FOREPERSON

Geoffrey S. Berman

GEOFFREY S. BERMAN
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

MICHAEL AVENATTI,

Defendant.

INDICTMENT

19 Cr.

(18 U.S.C. §§ 371, 875, 1951, and 2.)

GEOFFREY S. BERMAN
United States Attorney.

Foreperson